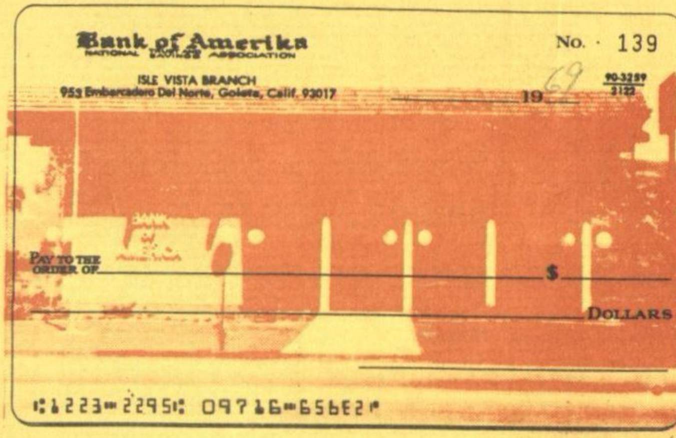
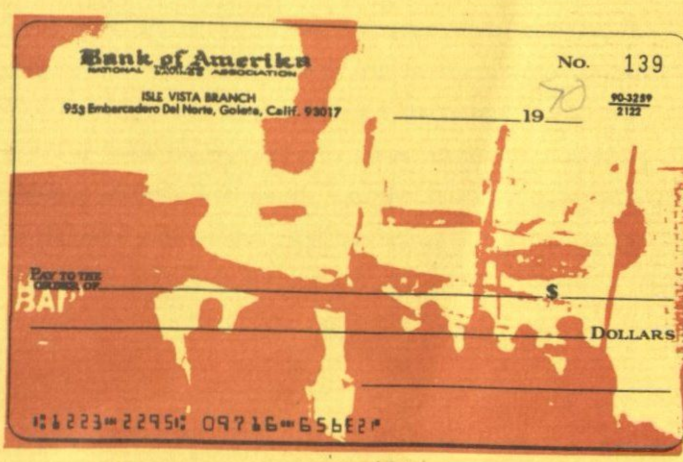


A.S.I.A. Study Group

Bank of Amerika: A Second Check



MK

Dick Parker

An A.S.I.A Study Group

with a little help from my friends

fred goff
amy lewis
mike sweeney

joyce wallace
greg knell
geoff wallace

"A bank is many different things to many different people."

--from the Bank of America's Annual Report, 1969.

"The bank was the biggest capitalist establishment around... an example of American capitalism which is killing people around the world and in the United States."

--a student, explaining why the Bank of America was burned.

When students in Isla Vista attacked and burned the local branch of the Bank of America, they unleashed an enormous amount of criticism. The Santa Barbara News-Press called it "mindless anarchy" and the Bank itself, in a $320,000 nation-wide ad campaign, declared it a "criminal act of violent proportions and...an insurrection against the democratic process." The Establishment consensus was that the violence of the student insurrection had been completely purposeless, and the attack against the Bank especially so. After all, wasn't the bank being run at a loss as a public service for the students? And how could a tiny Isla Vista branch bank, with little more than $100,000 in deposits, be responsible for"killing people all around the world and in the United States"! All in all, there seemed little explanation for the burning (and the attacks on other property), and the general surmise has been that the students blew whatever legitimate grievances they had totally out of proportion, under the influence of outside agitators, drugs, or both.

What they fail to understand is that the students' legitimate grievances may very well have involved, and may still continue to involve the bank and the "capitalist establishment" it represented. What they fail to understand is that the tiny little branch of the Bank of America may have symbolized to the students something as distasteful, something as reprehensible as the few crates of tea dumped by the Sons of Liberty into the Boston Harbor in 1773. For, after all, the Boston Tea Party was never really concerned about tea, but about a tea tax, and the corrupt and detestable regime which that tax represented. If the papers of the time had viewed the Tea Party only as an isolated incident, then it too would have been "mindless anarchy," and George might well have rightfully condemned it as a "criminal act of violent proportions and ...an insurrection against the democratic process." But then those papers and that ruler would have made the same mistake as have the <u>News-Press</u> and the Bank of America, and most other contemporary commentators. For the burning of the Isla Vista branch had at its roots a sound understanding of where America is today, and what the rebellion of the young is all about.

The Bank of America itself is not a particularly corrupt or dishonest or inhuman institution, perhaps no more than the University or the Government. When charged with being a part of the "capitalist establishment," it reacted with righteous indignation: "If, by 'capitalist establishment,' the revolutionary left means a conspiracy designed to deny all people their rights, then we categorically deny that charge." However, "we at Bank of America are most certainly a part of the American economic system...we are also proud to be part of the establishment in the real sense of that word: established law and order, established orderly process, established principles of the sanctity of life and property, established democratic functioning for the redress of grievances." But today to be "part of the American economic system" and to believe that "establishment, in the real sense of that word" is "law and order" may stand as a more serious indictment than the spuriously fabricated charge of "conspiracy."

American Banking

What, in fact, is the role of the Bank of America in "the American economic system"? First, the Bank of America is the largest non-governmental bank in the world. Its $25,600,000,000 resources make it larger than

its nearest competitor, the Chase Manhattan, by one-fourth. It has 955 branches in California, and 96 overseas. Its loans in 1969 totaled over $14.6 billion, and deposits over $22.1 billion. It employs over 33,000 people. Its profit last year was $152,000,000.

The Bank of America also sits on the pinnacle of a highly pyramided financial industry. The House Committee on Banking and Currency recently reported on the enormous growth of banks and other financial institutions: between 1900 and the mid-1950's "the assets of financial institutions increased 40 times, as compared with 18 times for non-financial corporations. Therefore, the relative position of financial institutions...has increased markedly during the last 60 years." Leading this increase has been the Bank of America. Along with nineteen other banks, it controls 51.5 per cent of the trust assets in the country, totalling over $129 billion and in the opinion of one economist, "acting jointly, the big banks could control the affairs of corporate America."

Banks as a whole have continued to increase their importance to the economy over the past century. The high cost of technological advances, as well as costs in general, have forced corporations to turn continually to financial institutions for expansion capital. Thus, for

example, the same House Committee reported that the big banks and other financial institutions now account for 85 per cent of the debt financing, and through their trust departments,for a major and rapidly increasing proportion of the equity financing. One specific illustration of this dependency of corporations on banking institutions can be seen in Litton Industries, perhaps the most spectacular of the conglomerate corporations. The debt of Litton reached \$474 million in 1969, up from \$275 million a year earlier and from a mere \$14 million in 1964. And who was behind much of the debt financing? Bank of America. It is no wonder that Roy Ash, president of Litton, sits on the Bank of America's board, to ensure the proper relations between the Bank and its big customer.

The House Committee on Banking and Currency considers dependency situations such as this highly undesirable, for the obvious reason that greater and greater power tends to be concentrated in fewer and fewer hands, hands that are able to act behind-the-scenes, and ungoverned by the public interest. Not only interlocking directorates, but interlocking ownership by banks have aggravated this situation: banks and other financial institutions own directly or through trust departments 27.4 per cent of the shares of 225 large corporations, a figure well above what is considered "controlling interest."

The Bank of America has been quick to defend itself against charges of its economic power. "To anyone with even a rudimentary knowledge of the banking industry or economics, such a charge," President Clausen told the Bank's stockholders, "is an obvious hoax. The banking industry is highly competitive...Moreover, the banking industry is not only highly competitive, it is excessively regulated...This combination of competition and regulation makes it utterly impossible for any one bank, or the banking industry collectively, to wield the kind of power the radical left seems to believe we have at our disposal."

However, on December 24, 1969, the New York Times reported the following:

"Nixon Aides Bow On Foreign Banks"

> The Nixon Administration, under pressure from foreign and domestic banking leaders, has backed down on its support of a bill aimed at stopping tax evasion and frauds totaling hundreds of millions of dollars through illegal use of secret foreign bank accounts.
>
> The switch in positions came as a surprise, since several Administration members had helped write the bill.
>
> Now, Congressional and Administration officials say, the strong bill has been endangered.
>
> Six days after a Justice Department official endorsed the bill earlier this month, two other Administration officials--who helped write the measure--told a House committee they thought the bill went too far.

One said the Justice Department witness had not supported the bill completely in his testimony six days earlier--even though everyone in the committee room heard him do just that.

During the six days, according to a reconstruction of events through interviews and examination of records, foreign banks and domestic banks with foreign branches fought the bill at the State Department. During the same period, representatives of some of the largest banks in the United States met twice with high-level Treasury Department officials to talk them out of supporting the measure.

In both cases, the bankers complained that the bill would put an undue burden on their record-keeping.

The legislation was born last year when the House Banking Committee held a one-day hearing and decided some measure was needed to stop the illegal use of secret foreign bank accounts that officials have said drain hundreds of millions of dollars a year out of the United States, most of it through tax evasion schemes.

The committee, headed by Representative Wright Patman, Democrat of Texas, enlisted the aid of Administration officials in writing the legislation. They drafted a bill to require tighter record keeping on domestic bank account transactions and the identities of persons dealing with those accounts, as well as reporting by persons transporting United States currency aboard and those doing business with foreign financial institutions.

Thus assured of Administration support, Representative Patman opened hearings Dec. 4 and heard favorable testimony.

But on the same day, Eugene T. Rossides, Assistant Secretary of the Treasury for enforcement and operations, was meeting with representatives of the Bank of America, the Chase Manhattan Bank, the First National City Bank of New York, and the Chemical Bank New York Trust Company, some of the largest banks in the country.

It was the first time the bankers had seen the Patman bill and they were upset about it, a source who was at the meeting reported. A few days later they returned, this time with their attorneys, the source said, to talk Mr. Rossides and the Treasury Department out of supporting the measure, which Mr. Rossides had helped write. Other treasury and Internal Revenue Service officials were present at the meetings.

At the same time, the State Department was being pressed by representatives of foreign banks and domestic banks with foreign branches. A State Department official drafted a letter to the Patman committee opposing the bill, but it was never mailed because the Treasury Department informed State and Justice that it would oppose the bill as written. The three departments "were in accord" on the matter, the Treasury Department said.

Representative Patman knew of none of this, an aide said, when he convened the second day of hearings Dec. 10. There were two witnesses, Mr. Rossides and I.R.S. Commissioner Randolph W. Thrower, who also had helped write the bill. Representative Patman expected the support of both men.

But both testified that while they agreed with the intent of the bill, they could not support it as written because it "went too far."

Thus, although the banking system is "highly competitive" and "excessively regulated," somehow the Bank of America and four New York banks were able to block legislation saving the taxpayer "hundreds of millions of dollars" because it would be "an undue burden on their record-keeping." Moreover, such incidents of the banking industry's lobbying ability are

not unusual. Chairman Wright Patman of the House Banking and Currency Committee told a National Press Club luncheon that "the banking lobby is the single most potent lobby that operates year-round in Washington...the behind-the-scenes stories of this lobby would fill pages. Members of the House Banking and Currency Committee have been offered huge blocks of bank stock--free of charge--and directorships on bank boards. Freshman members have been approached--within hours of their arrival in Washington--and offered quick and immediate loan service...While I do not intend to name names here today, it is an open secret on Capitol Hill that many campaign chests are swelled by contributions from the banks." (New York Times, 8/1/60)

Almost simultaneously with Patman's speech, it was disclosed that another member of the House Banking Committee, Congressman Seymour Halpern (D-N.Y.) was more than $100,000 in debt to the First National City Bank, including one $40,000 loan granted at a prime interest rate reserved for only the bank's biggest corporate customers.

"I leave it to you," Patman concluded his remarks, "to judge what these contributions and campaign assistance might mean on a crucial vote on banking legislation."

Furthermore, in the past two years, the banks have found a significant loophole that allows them to sidestep many of the regulations that Congress created to limit their power: the one-bank holding company. The one-bank holding company neatly avoids the prohibition that banks move into the industrial or merchandising fields by making the bank a pseudo-subsidiary of a larger holding company. When a holding company is created, nothing changes except the title of the corporation: in the case of the Bank of America, on April 1, 1969, the official title became the BankAmerica Corporation. A few of the board members dropped off, and a few other were added, but the corporate officers remained the same and Bank of America stockholders received one share of the new Corporation for each share they held in the old Bank of America.

President R. A. Peterson made the Bank's intentions in the move crystal-clear: "A one-bank holding company presents possibilities for greater participation in a number of profitable activities, particularly overseas. While we have no specific business in mind, such activities might include leasing, warehousing, mutual funds, financing land development, travel bureaus, and other industries closely related to finance." (New York Times, 9/18/68) The last phrase, "closely related to

finance" was a deliberate concession on the Bank's part to the fears of Congress. The spectre of a few banks possibly gaining direct control of the already highly concentrated industrial and merchandising sectors of the economy was a thought few Congressmen liked to imagine, and a situation they might pass legislation to avoid. Thus the Bank, like the 35 of the 100 largest banks which had made the switch, was making loud noises about its intentions to stay clear of such dangerous shores.

But, ironically, such decisions may not entirely be in the hands of the banks. Describing the mood of Congress, the New York Times warned that "there is concern that should one or more industrial companies gain control of a major bank, (through a tender offer, for example) that the other banks would be forced to defend themselves by forming great financial-industrial alliances." (2/20/69) What such alliances could hold for the future is not only of concern to the Congress, but to pro-business elites as well. In an article reviewing the one-bank holding company, the Harvard Business Review was quite clear in its own concern: "There is a potential for excessive concentration and restraint of trade when a bank, with its privileged position, strength, and resources

joins in an organization with non-bank companies which can improve their market power through the availability of lenient bank credit...Banking might become too closely allied with non-financial functions and develop great financial-industrial combines with excessive political as well as economic power." (HBR, May-June, 69, p. 113.)

Given the earlier remarks of Congressman Patman about the banks' present political power, such combines might in the future make the ruse of democratic representation entirely unnecessary. Congressional inaction about holding companies is a testimony to their present strength. After a year of study and debate, a bill regulating the one-bank holding companies has yet to clear Congress. Apparently the banks' power has not been completely destroyed at the hands of "competition" and "excessive regulation."

The Bank of America vs The Golden West

> "The only legitimate business in the world today is to fill the needs of people."
>
> --A.P. Giannini
> Founder, Bank of America

In California, the Bank of America is known in the profession's parlance as a "multi-service" bank, providing,

thanks to its enormous size and diversity of interests, its leadership and hard cash to all sectors of the economy. The Bank was purchased in 1928 by A. P. Giannini, a former fruit and vegetable peddler, and self-made financier. The Bank's growth was rapid, particularly during the Second World War and the Sixties; and although forced to divest of the huge Transamerica Corporation by the Justice Department, it continued to grow until it reached its present premier position.

I. Agribusiness

> "Agribusiness is the biggest business in California, so the biggest bank should support it, shouldn't it?"
>
> --A. W. Clausen
> President, Bank of America

In Agribusiness, of course, the Bank of America is the state's uncontested leader. Alone, it finances over half of the agriculture in the state, and until recently, through its Transamerica Corporation, controlled such massive holdings of prime land as the Kern County Land Company. It prides itself on its progressive attitude in this enormously wealthy business, and can point to the University of California's Giannini Foundation of Agricultural Economics as an example of the Bank management's philanthropic foresight in the agricultural field. (The Foundation was established in 1928 by Giannini)

But the Giannini Foundation is a perfect symbol of the double standard that the big banks, big corporations, and big growers impose on the California economy. The Foundation, like the University's Agricultural Sciences division as a whole, is designed to do for the growers what the growers won't do for themselves. In general, California growers have been the most conservative voices in the state, loudly proclaiming the virtues of free enterprise, and denouncing the vices of government intervention. But curiously enough, their moral code has never seen fit to denounce the tax-supported government services which the University and its agencies like the Giannini Foundation provide. Even the Wall Street Journal has been bothered by Agribusiness' double standards. Asking the question "Couldn't and shouldn't agriculture foot more of the bill?" The Journal provided its own answers:

> With few exceptions, growers aren't involved in their own research, relying instead on the university. And their contributions to the university are minimal. In the fiscal year ended June 30, 1967, (figures for fiscal 1968 aren't available, but they're expected to be quite similar), the university's State Experiment Station spent more than $25 million. Of this, more than $17 million was state funds, and nearly $7 million Federal funds. Less than $1.5 million was from industry. (WSJ, 9/9/68)

This poor showing certainly isn't because California growers are poor:

> Growers say their earnings, compared with the steady increase in sales, are no higher than they were a decade or more ago. Yet this income is being concentrated in far fewer hands. California's farms currently total about 65,000 down from 81,000 in 1964 and 123,000 in 1954. The number of farms is decreasing by about 3,000 a year.
>
> The average U.S. farm is some 350 acres and valued at $50,000; the California average is nearly 460 acres and $216,00. (WSJ, 9/9/68)

Yet, despite this amazing concentration of capital resources, and the enormous strength of the various grower's associations and the banks behind them, it apparently never occurred to them that in a real free enterprise system, when research is to be done, the businessman doesn't turn to the government. General Motors, for instance, when it designs a new car, designs its own new car. But in Agribusiness, the University does it for you.

Just one example should illustrate how Agribusiness, and thereby the banks, profit from publically-financed research. In the middle-Sixties, the University's Ag Sci researchers developed a mechanized tomato harvester that almost completely does away with manual labor. The harvester was coolly received by growers, until Cesar Chavez' organizers and the possibility of having to pay decent wages to farm workers suddenly caused a boom in interest. (cf. WSJ, 6/17/68) But did the University profit by its invention, and turn back its profits for other needs such as farm-labor housing? Hardly.

Fred Dutton, of the UC Regents, when he discovered what was happening, screamed bloody murder. The two University inventors, Hanna and Lorenzen, had received only a few thousand for their work; the University was receiving royalties, it was true, but according to Dutton, growers were saving at least $14 million a year because of the harvester and tomato developments and asserted that the University deserved a far larger return on its work than it was getting. And lest anyone imagine that universities should not dirty their hands with such lucre, it is wise to remember that the University of Wisconsin has made $43 million on patents since 1925, and that MIT got $13 million from IBM for a single computer device in 1964. God forbid that free-enterprise Agribusiness should have to pay for what it gets!

There is another significance to the tomato harvester and Agribusiness' interest in mechanization: machines don't join unions. Tomato growers were the largest users of bracero labor in California, and tomatoes constitute the largest cash vegetable crop. With machines, growers have been neatly able to duck the problems of decent wages and decent housing for workers because they have disposed of the workers entirely. The University has been right in the midst of the process, developing harvesting machines, at last count, for cantaloupe,

asparagus, grapes, olives, peaches, lettuce, strawberries, and a praying mantis-like contraption for citris fruits. If the University, the growers, and the banks have their way, farm labor may disappear entirely.

While this may or may not be good in the long run, at present it simply aggravates the labor situation. One would think that in forty-some years the Giannini Foundation of Agricultural Economics would show more than a solicitous interest in the economic well-being of the 600,000 farmworkers who form the human backbone of Agribusiness. One would be wrong. In 1959, the California Senate's Fact-Finding Committee on Labor and Welfare, the "Cobey Committee" as it was called after its chairman, conducted the most extensive inquiry into the agricultural labor situation in almost a decade. The report of the Committee is studded with references to the valuable help given by the University's Ag Sci experts:

> We are particularly indebted to the California Department of Employment and the University of California College of Agriculture, especially the Giannini Foundation of Agricultural Economics...

The growers were even more indebted. In the midst of massive poverty among the farm workers, facing the history of exploitation described by everyone from the Grapes of Wrath to official government studies, with the knowledge that the farmworkers' income averaged

$1,000 a year and that they were lucky to work more than four or five months out of that year, the director of the Giannini Foundation, Dr. George Mehren, testified before the Cobey Committee that "there is no compelling indication of exploitation of hired domestic agricultural labor anywhere in any agricultural industry for any protracted period." Despite volumes of research by himself and his colleagues, not one word did Dr. Mehren utter before the Cobey Committee about the exploitation of women and children on farms, many of whom were being paid pitiful sums for work that few men could do.

Obviously the influence of such prestigious authorities helped to shape the Committee's final report. Although other non-agricultural (read non-grower) professors testified to the criminal conditions of life in a farm labor camp, the Cobey Committee recommended that a state minimum wage for farm workers was not desirable; unemployment insurance for the seasonally employed farm worker was not feasible; collective bargaining for them was dismissed. Some improvements were suggested, but the Senate Bill 851 which incorporated them ultimately reflected the growers', and not the workers', best interests. The Committee report observed of the University's contribution: "The data and analyses supplied by the University's staff members were primarily in the fields of agricultural economics, mechanization, and agricultural labor-manage-

ment relations. Their value is gratefully acknowledged by the committee." Cesar Chavez should have more such friends. The point of attacking the Giannini Foundation, the University Agricultural Sciences division, and the Bank of America is to show that their common first concern has always been profit, and not people. Contrary to the homily of its founder that "The only legitimate business in the world today is to fill the needs of people," the Bank of America's legitimate business has been high return on invested cash, a business that in fact often stands in the way of "the needs of people."

This indifference to people's needs can be seen as a constant thread running through the relation of the Bank of America to Agribusiness. It was no accident, for example, that under the Brown Administration, the chairman of the State Board of Agriculture was Jesse Tapp, president of Bank of America (and an ex officio UC Regent), nor that Tapp fought long and hard against the termination of the bracero program in California. When in 1964, then-Secretary of Labor Willard Wirtz seemed ready to discontinue the labor importation program, Tapp announced that he was firmly behind Govenor Brown in his (Brown's) proposed defiant use of the Immigration Act (P.L. 414) to bring in braceros as a "necessary supplemental labor force," although the Immigration Act was really designed to bring

in opera singers, the Beatles, and the like, rather than provide more cheap labor for the growers. Apparently the Bank of America's decision on bracero labor followed the logic of Animal Farm, that in deciding "the needs of people," "some are more equal than others."

Even now, in 1970, the Bank of America refuses to give up on bracero labor. George Murphy has introduced a bill in the Senate that would restore the bracero program. President Clausen, asked to comment on the bill in a recent interview, said, "That seems to be a just bill. There is need for legislation to protect both sides in the farm question."

Senior Vice-President for Agribusiness, Robert Long, added that the Murphy bill is "better than what we have now." The bracero program is necessary because, Long says, "they provide a necessary labor force that is not available elsewhere." Long also thinks that "They (the farm workers) aren't so bad off..it's all been badly distorted...they're much better off than they were five years ago." As for the grape strike and UFW, however, Long says, "We're not a dealer in grapes. The bank is not a farmer. It would be improper and unfair for us to take a position on this."

Long is a member of the California Council of Growers.

Another indication of the Bank of America's indifference to the needs of people can be seen on the Bank's board of directors. Representing Agribusiness is Robert Di Giorgio, head of the Di Giorgio Corporation, big user of bracero labor, and long time battler against the unionization of farm workers. Although several of the Corporation's divisions have finally signed with Chavez' United Farm Workers (after long and bitter strikes), the Di Giorgio table grape vineyard remain Chavez' chief opponents. If you visit the Farm Workers headquarters in Delano sometime, ask them to show you the picture of the sign on one Di Giorgio ranch taken while the strike was on: "Hours of Work for Minors 12, 13, 14, and 15 years old Daily Maximum 8 hours/Weekly Maximum 48 hours." DiGiorgio is joined on the Bank of America board by three other members of the Di Georgio board, A. E. Sbarboro, Marshal Hale, and C. F. Wente. Other representatives of Agribusiness include: Harry Baker, who produces cotton oil; Louis Petri, Italian Swiss Colony Wine; Roland Tognazzini of Union Sugar; Theodore Von der Ahe of Von's groceries.

No representative of the farm workers sits on the board.

After the Isla Vista branch was destroyed, the Bank spent over a quarter million dollars to publicize its side of the story around the country. One of its

releases, entitled "Bank of America Comments On: Academic Freedom/Students' Rights/The Rhetoric of Revolutionaries," was a series of excerpts from President Clausen's address to the stockholders. In his remarks, Clausen dealt with charges leveled against the Bank by students; among the charges was one that the Bank had exploited farm labor and took anti-union stands. Clausen made himself quite clear:

> The facts are these. We have consistently maintained that there are problems on both sides of the farm labor dispute. Certainly the problems of the farm workers are real. So are the economic problems of the growers...While we believe (that farm labor legislation is necessary), we have also steadfastly maintained our policy of not taking sides in a labor dispute.

Presumably the also "uncommitted" Di Giorgio, Sharboro, Hale, Wente, Baker, Petri, Tognazzini, and Von der Ahe were sitting nearby as he spoke.

The farm workers' views of the Bank of America's impartiality differs a bit from Mr. Clausen's. In December, 1968, the United Farm Worker's newspaper, El Malcriado, reported the following:

> The United Farm Workers Organizing Committee today called on the mammoth Bank of America, one of the largest banks inthe world, to recognize the UFWOC as bargaining agent for those workers who harvest grapes on more than 5,000 acres of land owned by the bank near Ducor, in Tulare County, California.
>
> Bank of America officials have refused to negotiate with the Union, and have refused to study proof submitted by the Union that it did, indeed, represent the workers.

The article went on to record the details: on January 10, 1968, the Agribusiness Investment Co. took possession of the land at a forced sale, forced reportedly because of debts owed by the owner to Bank of America. In attempting to negotiate a labor contract, the UFWOC discovered that the AIC head was also a B of A attorney. On October 24, Cesar Chavez sent the Bank a telegram, notifying them that the UFWOC represented a majority of the workers, and asking for negotiations. At first the bank denied owning the land, but then reversed itself. Vice-President Iverson admitted that the Bank owned and controlled the land, but said the Bank planned to sell it. Iverson agreed to meet with Union representatives, but later they were notified by telephone that the bank would neither negotiate, recognize the UFWOC, nor permit elections for the workers. According to El Malcriado, "They (the bank officials) claimed they were not legally obligated to do so, since farm workers were excluded from the National Labor Relations Act. Second, claimed one high B of A official, 'We don't want to lead the parade...this is a social revolution.' Bank officials also reportedly said, 'We have more important business to attend to.'" Such as serving the needs of people? Or making sure the Bank of America was "not taking sides in a labor dispute"?

The bank is implicated in anti-labor activities by its close relationship with Dillingham Corporation. Lowell S. Dillingham, Dillingham president, is a long-time director of Bank of America. Rudolph Peterson, ex-President and current chairman of the Executive Committee of Bank of America, is a Dillingham director. Bank of America handles a major part of Dillingham's world-wide financing. Anyway, Dillingham mailed out on January 26, 1970, a letter from Vice-President Robert O. Briggs soliciting contributions for "Californians for Right to Work," a lobbying group that seeks a law prohibiting the union shop in California. A letter from the Californians for Right to Work was enclosed in the mailing.

The Bank and The Bombers, or, Good Germans Come in All Sizes

The Bank of America, as could be expected, is also involved in the defense industry. After Agribusiness, the Military-Industrial Complex, is just about the biggest single industry in California, and it is only appropriate that California's biggest bank should be its friend. In 1968, California pulled down $6.5 billion of the total $42 billion Defense Department contract budget, and the Bank of America figured importantly in financing many of the giant corporations' activities. For example, it recently joined with other banks in creating a $200 million revolving credit arrangement for Boeing, seventh largest

defense contractor in the nation, and manufacturer of such favorite Weapons of Destruction as the B-52 and Minuteman missile (as well as the Great Noise Polluter, the SST).

We have already mentioned the favored status of Litton Industries, with its president, Roy Ash, on the B of A's board. Litton, by the way, held almost $500 million in defense contracts in 1968, ranking it fourteenth on the contractors list. Two other B of A directors sit on the board of Douglas Aircraft (now McDonnell-Douglas), who brought you the Phantom fighter and the A-4 bomber.

The Bank of America also enjoys special relations with the brains as well as the brawn of the Military-Industrial Complex. Three of the Bank's directors, including Chairman Louis Lundborg, sit on the board of Stanford Research Insititute, a Palo Alto think-tank with a $60 million annual budget, half of which comes from the Defense Department. Stanford Research has or is holding contracts for such socially useful projects as the ABM, chemical warfare dispersion techniques, counter-insurgency warfare in both Thailand and Vietnam, "reconnaissance surveillance and intelligence," and weapons systems analysis. Stanford Research personnel originated the "strategic hamlet" concept for Vietnam, and also developed the CS tear gas sprayed by the helicopters at People's Park.

* * * * * *

WAR FOE SCORNS BANK
THAT WOULD REHIRE HER

Special to the New York Times

SAN FRANCISCO, Nov. 11--Margo Pelton, after having beaten it to its knees, spurned the Bank of America today and said that she could never go back to her old job in the Broadway-21st Street branch in downtown Oakland

The bank yielded today and offered her a place somewhere among its $25-billion in assets, and she thereupon dropped her suit accusing the bank of depriving her of political freedom.

Mrs. Pelton, 21 years old, was dismissed for taking time off to participate in the Oct. 15 Vietnam moratorium. When she appealed to the bank personnel department, she was rebuffed. Then the suit was filed in State Superior Court.

* * * * * *

The Bank of America also went out of its way in 1966 to gain permission for a branch in Saigon, and to open five military branch offices is South Vietnam (as well as three in Thailand) for the benefit of service personnel. All, of course,"to serve the needs of people."

Finally if the war in Vietnam is hurting the economy (as it undoubtedly is), the Bank of America is not feeling the pinch. Despite the tightest money policy

in memory and the highest interest rates, the Bank of America's profits have climbed every year, up fifty per cent since 1965,to $152,000,000. If the Bank of America is not profiting from the war, it is not from lack of trying.

The Bank in Real Estate

Although most of its loans are commercial, the Bank of America nonetheless loaned out over $3.4 billion in real estate loans in 1969. Since, as a whole, the building and buying of homes (and commercial buildings as well) was quite slow due to inflation, this sum constituted an important factor in the California real estate market. In general the Bank seems to have shown a relatively enlightened attitude in this field, and proudly points to the $100 million loan pool it created for residents of minority-group areas. However, this is not the whole story.

The crisis in housing today is severe. Fortune magazine in December 1969 carried a long article, whose first paragraph contained this warning:

> A housing crisis is building up in the United States. The shortage of acceptable shelter that has long been afflicting the poor and the black is spreading to the while middle class and even to quite affluent families. It may be that conditions are at their worst right now. But a real turnabout will not come quickly, for the housing industry is at present simply not well organized or well enough financed to make rapid solutions possible. (p. 86)

The facts are that the nation now needs at least 26 million new housing units built within the next ten years, according to the government. Current production will not achieve half that amount, and production is declining. The causes are complex, but the banks play a major part in them. It is not simply a case of banking venality, but the economic system in which we live that creates these crises. Because building is done by private firms, financed (for the most part) by private banks, and done for a profit, certain natural consequences follow. Building tends to concentrate in the areas of high profitability, that is, in homes for the rich and upper-middle income groups. In terms of total units constructed, of course the middle-class home comes out first; but nowadays a "middle-class home" is rapidly moving outside the buying range of the middle class. In 1965, half of the 575,000 new homes sold for $20,000 or less. In 1969, less than a quarter of the 435,000 new homes were in that range. And yet a recent Congressional study showed that half of all Americans cannot afford the mortgage payments on even a $20,000 home. And as for homes for the lower-middle class and the poor, private capital shirks all responsibility: the government must finance such construction through FHA, FNMA, and the like, which in turn are funded by borrowing on the open market at eight per cent.

It is popular to attribute much of the rise in housing cost to the cost of materials and labor, pointing to the high wages in the building-crafts industry as an example of exorbitant costs. But, in fact, Fortune estimates that the expense of labor and materials adds up to only a four or five per cent annual increase in the cost of housing; in contrast, land alone in metropolitan areas has increased ten to twenty-five per cent in little more than a year, and with the cost of financing, adds well over five percent to the average home cost. And, of course, it is the banks, saving and loan, and insurance companies which dominate the real estate and building-finance industries. Since most home mortgaging is going on now at between eight and nine per cent, it is little wonder that half of America cannot afford mortgages on even a $20,000 home.

Clearly, the Bank of America is not alone at fault; the entire system is. In the inflationary spiral which is a necessity of the "New Economics" capitalism, it is the small and not the large who suffer the burdensome consequences. Thus enough money is always available for the big financiers, but not for the man who wants a home for his family. For example, Kirk Kerkorian last year obtained two loans from the Bank of America totalling $73 million, both unsecured except for Kerkorian's signature. This is an extraordinary sum of money to put in one man's hands just on the basis of a signature,

but President Clausen reasoned the Kerkorian was "a man of his word, a man of integrity." Had the loan been handled normally, the Federal Reserve Board regulations would have required collateral equal to five times the loan...a sum unmanageable, even for a wizard like Kerkorian. Although the country needs 26 million new homes, the major achievement of Kerkorian so far has been the International Hotel in Las Vegas. One wonders whether the country needs more homes in Harlem and Watts or hotels in Las Vegas.

Accused of such inequities, the Bank of America is quite fond of pointing to its $100 million loan fund for minority-group areas. It will speak of fulfilling its "social responsibility", and perhaps even repeat again for you the Giannini quote about "filling the needs of people." President Clausen saw fit to mention the program at length in his address to the stockholders, calling it officially the "New Opportunity Home Loan Program," and even impling that it was a sacrifice for the bank because it "could have invested the funds more profitably in other endeavors."

A little more scrutiny, however, reveals a different picture. First of all, there is no "pool" of loan capital sitting idly waiting for some deserving black or Chicano to arrive. The money is out and earning money in other fields. What Clausen means when he says $100 million has been "set aside" is purely nominal; the only substantial difference in this loan pool is that

when a minority member comes into a B of A branch to request a loan, the square footage minimum is reduced from 1,000 to 750 square feet, and the number of bedrooms from three to two. There is no mention in any of the bank literature of a reduced interest rate. Half of America cannot even afford mortgage payments on a $20,000 home, and there is no question in which half the majority of blacks and Chicanos fall.

However, this does not mean that the loan "pool" has gone unused; Bank of America figures show that $31 million has been loaned out already. In its annual report, it features the Leslie family, a black family in Los Angeles and the home the B of A financed for them. The story, after describing the $30,000 home of the Leslies, concludes, "And so after a dozen years of searching for a suitable home they could afford, the Leslies have finally found the shoe that fits and are wearing it happily. That, too, is what banking is all about." With the prince riding off into the sunset, one gets the impression that the bank has done one more Good Deed for the day. But if it's a Good Deed, it's a Good Deed, Urban League style. For the Leslies are no poor black family. Mr. Leslie is a municipal employee, with a good credit background, and a middle class income. What the Bank of America did was secure a loan they would have secured for any white family;

the Leslies only happened to be black. Perhaps that proves the Bank isn't racist, but more likely it means that the Bank, like a lot of other businesses, has discovered that money is color-blind; that as long as there's enough of it, it doesn't matter whether a black or white is holding it. For Mr. Leslie and the 1,900 other middle-class black or brown families helped by the Bank of America, things may be brighter; in the ghettos and the barrios, time moves more slowly.

The Bank Overseas

Because banks have been limited by law in their expansion within the United States, many of the biggest have turned outside for their future growth. The Bank of America is no exception. Begun originally as an outgrowth of the Bank of Italy, the B of A has returned to Italy and to 74 other countries and territories with almost 100 overseas branches. In 1969 alone, the B of A opened 13 new branches, in spots diverse and as distant as England and Singapore.

Most of the international growth for the Bank of America has been in the last decade. In 1960, the Bank had only 19 overseas offices, and $2 billion in overseas resources; by 1969, it had 96 offices and $7 billion in resources. This expansion is paralleled only by a handful of big banks..only Chase Manhattan, First National City, and Morgan Guaranty operate larger overseas networks.

(But among the top ten banks are divided, at a conservative estimate, 75 per cent of the foreign assets of U.S. banks.)

This growth in overseas finance closely parallels and re-enforces the growth of U.S. corporations abroad. Indeed the financing forms much of the basis for that corporate expansion. By 1967 U.S. direct private foreign investment reached $67 billion, a fivefold increase since 1950. The actual far exceeds the official figures, surpassing $130 billion. With a ten per cent annual growth rate, these foreign investments are far outstripping domestic growth.

The attractiveness of the foreign markets to U.S. capital is matched only by its danger to the foreign economies themselves, especially in underdeveloped countries. Maurice Dobb, the noted Cambridge economist, described what these effects are:

> Today it is becoming fairly widely recognized that without measures of economic planning the development of industry and a faster rate of growth in the underdeveloped countries will not be achieved. But in a capitalist economy, where initiative in investment and development rests with private firms and individuals, with their eyes upon markets and profit margins, the mere existence of a plan on paper may mean remarkably little. Development will still be subject to the kind of limitations and obstacles we have mentioned; and without the means of implementing them, the plan-targets may remain pious hopes that are unrealised in practice. Thus the State may be able to influence the situation in various ways, through monetary policy, taxation and a few controls. But these are essentially indirect instruments, and in the circumstances of most underdeveloped countries weak and brittle instruments at that. To provide the lever and impetus to development a substantial volume

> of State investment is necessary, and with it a substantial public sector of nationalised industry and public services. The profits of this public sector can provide the financial means for extended investment; such investment can be directed towards key points in the economy where its influence in overcoming obstacles and bottlenecks and in stinulating expansion elsewhere is greatest; and in this way the impetus to development once launched can be sustained. (Dobb, p. 25)

But in general, American banks and corporations have been unwilling to work closely with those economies in which strong state control is exercised. Since there are few other sources of the needed capital than the big banks and corporations of America and Europe, most under-developed countries have been placed in the impossible position of having to accept private investment with precisely the imbalances it creates.

Tanzania, for example, allowed several foreign banks to enter the country for exactly those reasons. But after several years experience, Julius Nyerere, Tanzania's president, announced in 1967 that he was nationalizing the foreign banks, calling them "parasites" and "exploiters of Africa." The Bank of America was one of the banks. (NYT 2/17/67)

Likewise, Argentina announced in early 1969 that it planned to halt further penetration of the national economy by American banking. Although ruled by a right-wing dictator who is definitely pro-American, Argentina placed severe limits on foreign banks: half of the directors of any new bank were required to live in the area of operation and new foreign banks would be

permitted only if they brought new capital in the country and only if they would intensify trade and financial relations with other countries. (NYT, 1/17/69) The Bank of America has four branch offices in Buenos Aires.

The Bank's Executive Vice-President for International Affairs, Roland Pierotti, was delightfully ingenuous in his discussion of the resistance to U.S. capitalism's intrusion. Explaining why even the Canadians, America's major economic satellite, had refused to allow U.S. branch banks, he said, "They're charmingly frank about it. 'You own all the industry up here', they say. 'The least you can do is let us have our own banks.'" (Forbes, 6/15/69). Venezuela and Chile have prohibited U.S. branches, as has Mexico as well.

A perfect example of just what these countries have to fear was offered by the Bank itself as "the wave of the future" in its Annual Report. Featured was the Rio Tinto-Zinc Corporation's copper mine in Bouganville, Solomon Islands. The Bank of America organized the syndicate providing $350 million capital. To the Bank, the project displayed "the mark of a truly international bank in today's complex and interdependent world"; to the Solomon Islanders, it apparently displayed something else:

> Sydney, Australia, Aug. 5--The police used tear gas and batons Tuesday to disperse inhabitants of Bouganville in the Solomon Islands who were trying to keep bulldozers from clearing land expropriated from them.

> A British-controlled concern in Australia will build a construction camp and storehouses on the land for a huge copper development on the island.
>
> The Papua-New Guinea administration, which is controlled by the Australian government, took over the land for the company after the villagers of Boro Vana refused to lease it. The bulldozers began work yesterday on the land, which is a mile from the village and covers 175 acres. The Australian Government has said that the villagers have been adequately compensated for the land and its crops and that the copper project would be of immense value to the territory." (New York Times, 8/7/69)

Vietnam also offers some salient lessons on what powerful economic forces do to weak economies, already overburdened with graft and corruption. In a New York Times dispatch from Saigon, it was disclosed that the Bank of America and Chase Manhattan branch offices there were being used as the cornerstones of a huge blackmarket currency operation. Although the banks themselves were not implicated, the South Vietnamese admitted that the currency manipulation, involving American contractors, had been harmful. Nguyen Huu Hanh, Governor of the National Bank, declared that he was "disturbed not only by the damage being done to the Vietnamese economy by currency manipulations, but also by the possibility that the position of the banks might become a political issue in the coming national elections." (New York Times, 4/14/67) The lesson is that, even in an allied country like Vietnam,

the presence of American finance served to disrupt the function of the local economy, without any apparent redeeming contributions.

The Vietnamese issue raises two interesting points about the Bank of America. President Clausen, in his address to the Bank's stockholders, said, in effect, that the Bank of America opposed the war in Vietnam. "The war distorts the economy; it is a major contributor to inflation; it draws off resources that could be put to work towards solving imperative problems facing this nation at home...this bank has consistently pointed out that an end to the war in Vietnam would be good, not bad, for American business." But with the lure of profit, the Bank of America opened up a branch in Saigon in 1966, well after it was clear what was happening in that country. Moreover, it operates five military branches on bases in South Vietnam (and three in Thailand) to serve the military personnel. Presumably, had the Bank of America been a wee bit more firmly against the war, such things might not have happened. But then war and business-as-usual are not incompatible.

The second important observation also concerns Clausen's remarks. As well as "opposing" the War in Vietnam, he also tried to answer charges that the Bank of America helped exploit underdeveloped countries.

He said "it would be a tragic mistake to take an exploitative position in any country's development... In the political climate that exists in most lesser developed countries, the only passport to success is to help, not exploit, that country." Apart from the already-cited examples of Tanzania, Argentina, Bougan-ville, and South Vietnam, how do these noble words compare with the Bank's other words and deeds?

The U.N. World Economic Survey has computed that the economic aid now being received by the underdeveloped countries totals no more than is due in interest on previous loans. The international aid situation is clearly disastrous. How to solve it? On March 1 of this year, President Nixon released his new study of foreign aid, the Peterson Report, so named in honor of the committee's chairman, Rudolph Peterson. Mr. Peterson retired as President of the Bank of America this year to become Chairman of its Executive Committee. The report offers important insights into the thinking not only of President Nixon, but of the Bank of America's top executive.

First, it is tart in its appraisal of internationalizing foreign aid: "the international organizations will have to take a less parochial view of their mission", although Senator Fulbright has condemned the alternative of bilateral aid for "becoming a vehicle for deep American

involvement in areas and issues which lie beyond both our vital interests and our competence." The report also says a chief impediment is "unresponsive social and political systems," though it was the unanimous conclusion of commentators that it wasn't the likes of Thieu, Chiang Kai-shek, or the Greek or Latin American juntas that the Peterson report had in mind. The Report goes on to predict that military aid will go up rather than down, since "as the United States reduces its forces overseas, increased security assistance may be needed for a time, to cushion the effect and to improve local security capabilities." In addition, the Report counsels, "removing (legislative restrictions) would put the United States in a better position to work out with those countries, on a mature partnership basis, military equipment expenditure policies..." Peterson, as the New Republic concludes, "is going to be a very popular fellow in Athens, Rio de Janeiro, and Bangkok." (3/21/70)

The Bank of America is already a "popular fellow" in several of those countries, having opened branches soon after right-wing coups in Greece (1968), Indonesia (1967), and Guatemala (1957), for example, and maintaining banking facilities in Brazil, Rhodesia, and Paraguay as a few other examples. Are these what Peterson considers "responsive social and political systems"?

his own study group, reduction of the ridiculously high oil-import quotas was recommended, Nixon shelved the report. His decision costs Americans over $8 billion each year; but Oil is stronger than people. Robert Engler's The Politics of Oil spends 500 pages documenting the power of oil.

In the Alaskan oil drive, the Bank of America played a crucial part. Appointed by the state, the Bank was placed in charge of the $900 million Alaska received, investing it in Treasury securities, where it has already earned over $50 million in interest for the state in a little over six months. The Bank is very proud of its role---in its Annual Report, it declared, "Thus it was both gratifying and challenging that our bank was selected to do the job...perhaps no other event could have more graphically demonstrated our bank's capability in the money markets of the United States."

The Alaskan sale also "graphically demonstrates" several other things, both about the Bank of America and the mentality of profit. Well before the land was leased, it was clear that there were dangers involved, the biggest being transportation of the oil from the inaccessible North Slope to the markets. The oil companies' solution was a 800-mile pipeline; but now the Federal government has an injunction on that pipeline, because pumping hot oil across frozen tundra, it ~~out~~ found out, melts the permafrost which then never refreezes. After Santa Barbara, the

"Torrey Canyon", and the Chevron platform off Louisiana, the Department of Interior has suddenly woken up to oil company promises about safety: the damage to the ecology of the region may prove greater than the money gained.

But the betting is the pipeline will go through. Nine hundred million dollars is still nine hundred million dollars, and it will take a real natural disaster to stop its momentum. That's what is frightening about the Bank of America, and the big corporations: the Bank's pride in its service is in the dollars it has made, both for itself and for the State of Alaska, not in a balanced picture of the needs of the state. The Bank will tell you that it's not their responsibility but then Union Oil was saying the same thing when the well blew off Santa Barbara, and the auto manufacturers while cars were killing people because of faulty construction. Business and profit have an autonomy and logic all their own, and defend themselves vigorously against outside interference; but since they function as part of the whole environment, and well are coming to realize that their actions affect us all, it seems 19th Century to permit the kind of decisions which $900 million is able to dictate. In the old morality of the Church, the Bank of America is guilty of the sin of ommission, rather than commission, hurting others by what it has not done and could have done.

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Dolores Lorta was working for labor contractor Manuel Armendariz in May 1969, leafing grape vines in a table grape vineyard operated by a corporation name Agri Business Investment Co. This corporation is operating thousands of acres of grape vineyards, and is a front for the Bank of America, which owns the vineyards. Employees of this corporation began spraying the vineyard in which Mrs. Lorta was working and, without warning, sprayed her soaking wet with hazardous chemicals. The sprayers did not inform Mrs. Lorta or other members of her crew that they were in danger of being sprayed, nor did they inform Mrs. Lorta of the danger of the spray or any remedies for injury from it. As a result of the spraying, Mrs. Lorta soon became ill and she has been disabled ever since May. She has required continuous medical treatment, including emergency room hospital treatment. As a result of the gross negligence of these corporate growers in causing Mrs. Lorta to be drenched with noxious and dangerous agricultural chemicals, Mrs. Lorta has suffered: sores and rashes all over her body; stiffness and cramps in her joints; irritated and sore eyes, mouth and throat; temporary loss of her sense of taste; loss of appetite and loss of weight; nausea; and recurring severe headaches. The sores and skin erruptions caused by the spraying have still not cleared up and may leave permanent disfigurement.

Because the Lorta's came to the United Farm Workers Organizing Committee and sought its help with regard to Mrs. Lorta's injuries from the spraying, Mr. Lorta has been fired from his job on the Agri Business Ranch. Mr. Lorta and his family have lived on the ranch, and he had been a loyal employee of the ranch since 1960. Mr. Lorta had worked long hours, often 14 and 15 hours per day, and often 7 days per week, for low pay, no over-time, no medical care, no vacations, no bonuses-- and after 9 years he was booted out of his job because he and his wife asked the Union's help concerning her injuries, after the bosses had done nothing to help her and had not paid any of the costs of her medical care... (UFWOC memo, 9/20/69)

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II.The California Water Project

The Bank has been one of the strongest supporters of the water project, designed to bring Northern California water south to the growers of the central valleys and the urban sprawls of the south. The Bank profits in three ways from the project: (1) by underwriting the bond issues and holding a large percentage of the water bonds; (2) by the population growth in Southern California that the water system will allow; and (3) by the great expansion of agribusiness that will use the bulk of the water.

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Business, Bonds, and the Bank

Bond sales have always been a Bank of America speciality. By the late 1950's competitive bidding had disappeared, and the Bank headed the one syndicate that bid for the state's bonds. (According to Alan Browne, the Banks bond-buyer, non-competition did a "better job." NYT 8/17/69) Although a semblance of competition was restored in the early sixties, the Bank still continues to dominate the market. The water project bonds were underwritten by the Bank from 1960 on and the Bank holds outright $150 million, or 12%, of the $1.25 billion outstanding debt. The project itself is slowed because about $600 million in bonds remains to be sold, unmarketable because the State Constitution limits the interest rate on bonds to 5%. The Bank is "on record" as supporting Proposition 7, to appear on this June's ballot, which would raise allowable rates to 7%. A Bank vice-president is a member of the "Committee for Proposition 7," which is mounting a statewide "education" campaign between now and June.

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Among other things, the water project will enhance a trend already mentioned in Agribusiness: consolidation. Robert Long, the Bank's Senior Vice-President for Agribusiness, admitted to a recent interviewer that the

water project "is creating considerable turmoil... the water will not be available to medium and smaller operations (because of the high price)...it has to be a large scale, very well financed company" to take advantage of the irrigation water. In other words, the water project will bring new lands under cultivation in a period of surpluses and overproduction, and will help drive the small owners out of business.

The important point is not captured in this prospect itself, but in the words of Bank of America Vice-President Lee Prussia, when asked about the potential ecological disaster the water project may hold for Northern California---the words might apply to Alaska as well---

> "A financial institution, historically and traditionally, has not been responsible for these kinds of decisions. We need not take a stand on issues of ecology."

The Bank and the Credit Card: Life by the Numbers

It was the Bank of America in 1959 which kicked off the "charge card" craze. Since then banks, with the B of A chief among them, have mailed out more than 100 million of the cards, and the BankAmericard alone claims 29 million holders. Not surprisingly, the charge card is a major part of the Banks' annual profits. In 1968, the profit was estimated at $8 million and it has been climbing ever since.

The logic of the cards is quite simple: in the new technological age, money is old-fashioned--so what we need is a substitute. And who better to offer the substitute than the banks, who, managers of money as well, can have their cake and eat it too. The Bank of America is fulsome in its statistical praise; in its Annual Report, it announced contentedly:

> During the year, BankAmericard coverage expanded to 49 states and 48 foreign areas...cardholders increased from 16 to 29 million, and business outlets accepting the card rose from 397,000 to 646,000. Banks involved in the program increased from 1,864 to 3,350. National and international sales on the card are estimated to total over $2 billion for 1969.

In California alone, sales exceeded $500 million, a one year, twenty-five per cent jump.

What the Bank does not like to mention is the effective interest rate on the BankAmericard: eighteen per cent per annum, on extended balances. What they advertise is the inocuous one and one half per cent monthly rate, a seemingly small amount to pay for the "convenience" of a charge card. But if the bill is not payed within 25 days of purchase, it is compounded again and then again and again. It appears that among card-users this "extended balance" is more and more common: average indebtedness to the card is $185, according to Federal Reserve economists, and 78% of the card-holders use extended balance. (*Life*, 3/27/70, p. 51) Bank of America officials say that in a

"mature" Californian consumer area (saturated with cards), the Bank realizes two-thirds of its profits from interest on the extended balances.

The Bank is encouraging expansion of the extended credit system as well. Previously, it found small installment loans unprofitable, even at high interest rates--now the BankAmericard is providing a convenient, and with computer technology and high volume, extremely profitable substitute. Donald McBride, president of the BankAmericard Service Corporation (the Bank's nation-wide licensing subsidiary) furthermore foresees an increasing size to BankAmericard purchases--already, payment of income tax is possible with the card, and McBride sees automobile purchases as the next big "breakthrough."

In the future, "in this century" says McBride, "everyone will have an ID card that will be the prime medium of exchange." Credit will be instantly checked by telephoning a computer. And at the end of the month, every cardholder will be able to take out an installment loan automatically by extending his balance--at 18% a year, naturally.

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<u>The Bank and Isla Vista</u>

The Bank was on occasions less than honest in its dealings with the students. In December of 1969, the

Associated Students of the University voted to remove student body funds from the Goleta branch of the Bank of America to protest the Bank's involvement in Agri-business. D. J. Poulsen, B of A branch manager in Isla Vista, wrote to the student paper, the El Gaucho, that he was "sorry you saw fit to take this action." "Our bank is subsidizing a number of branches, such as Isla Vista, in university areas for the purpose of serving students." Four months later, however, in an interview with the College Press Service, Bank of America Vice-President Walter Hoadley said the Isla Vista branch was a special "test branch" for the Bank's marketing research. According to Hoadley, "Isla Vista was one of our test branches, under my personal responsibility." It was "part of a long-range program to find out the financial attitudes of people age 17 to 25--what they know, what they want." "What we were doing there was laying the groundwork for financial services to be offered all over the state."

Like most college branches, the Isla Vista branch was not profitable. It was "an investment in future loyal customers," according to Barney Taylor, one of the Bank's marketing research executives. As people grow older, they use more bank services. To help find out what the people want, the Bank hired outside research firms to interview college students. In addition, the

Bank sponsors "focus groups" of six to ten college students who discuss banks and credit under the guidance of a moderator. The students don't know who sponsors the discussions. The sessions are taped and sometimes a bank representative observes from behind a one-way mirror.

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Afterthoughts

When the Bank of America was burned to the ground in Isla Vista, there were probably a variety of motivations in the crowd, some puerile, some wanton, but most with at least fundamental understanding of why they were there. It is becoming more popular now to concede that "some" of the students' protest was justified--more and more, people in the Establishment have recognized that the University is undemocratic, that the police have been violent, and the realtors in Isla Vista have been charging excessive rents for the apartments provided.

But to concede those failings, without conceding the centrality of the Bank of America, is to play a false, and self-deceiving game. The students were selective in their attacks--one realty company was untouched because its owner had dealt fairly with the students, other stores likewise went untouched.

Contrary to the News Press, what happened in Isla Vista was not "mindless anarchy" but mindful rebellion.

For capitalism, and the economic and social life which it imposes on this nation, are what the students most bitterly despise. In increasing numbers, they are discovering that the minds of University bureaucrats, like the minds of the police, the minds of the Right, and the minds of our rulers, are conditioned by the capitalist society in which we live.

Capitalism to students is opposing a war by building branch offices in the war zones and providing the capital for weapons manufacturers.

Capitalism to the students is saying that you're helping poor blacks and browns when you're really making money off the middle class.

Capitalism to the students is , after the Santa Barbara oil spill, saying "We need not take a stand on the issue of ecology."

Capitalism to the students is helping the rich keep secret bank accounts that cost "hundreds of millions" while fifteen million are malnourished in this country.

Capitalism is to the students driving natives from their lands to exploit more natural resources.

Capitalism to the students is saying you take no sides in a labor dispute, then refusing to negotiate with a labor union whose only goal is a decent wage for the working poor.

Capitalism to students is the duplicity of calling yourself a "public service" when you really just want to make money off students.

Capitalism to the students is a system which feeds on the weakness in man, strives to make him insecure and then gives him security through the possession of Things and the manipulation of people. It presumes that if each

individual functions in his own interest, the society will take care of itself. But two hundred years fly in the face of that presumption--capitalism has made America rich, has made America powerful--but for what? For wars in Asia, where 40,000 Americans can die? For slums that like cancer are devouring our cities? For air we cannot breathe and water we cannot drink? Capitalism is built on inequity, on the desirability of a few having more than the many. It is designed to redistribute its wealth only when forced to, and then only in the smallest possible amounts. It is a fact today that the top five percent of the people in America receive as much income as the entire bottom half of the people. It is a fact that in the midst of an inflation, while the poor and the middle class see their real incomes slowly shrinking, corporation profits grow larger every year.

Capitalism defines the value of a man by the money he makes, not by what he believes, or what he cares for. Gentleness, generosity, communities for people to live in, all these things can happen in capitalism, but only after profit has been satisfied. Farmworkers can be paid decent wages, but only after the growers have made their fortunes. Homes for the poor can be built, but only after hotels for the rich are in service. The

poor of the world can be liberated from their misery, but only after the Bank has made its money.

What the students in Isla Vista have demanded is not a bigger per cent of profits for charity, nor even a voice in the administration of the capitalist empire; they have demanded its end. The accumulation of goods, that demand our loyalty, and destroy our environment, that place us in competition, instead of cooperation with our fellow man, must end. The exploitation of blacks, of browns, of the students themselves must end. The unequal treatment of men because of the unequal sharing of property must end.

At the beginning the Isla Vista rebellion was compared with the Boston Tea Party: an act insane alone but ultimately part of an organized resistance that made a revolution. This year William O. Douglas, Associate Justice of the Supreme Court, wrote these words:

> George III was the symbol against which our Founders made a revolution now considered bright and glorious. George III had not crossed the seas to fasten a foreign yoke on us. George III and his dynasty had established and nurtured us and all that he did was by no means oppressive. But a vast restructuring of laws and institutions was necessary if the people were to be content. That restructuring was not forthcoming and there was revolution.

We must realize that today's Establishment is the new George III. Whether it will continue to adhere

to his tactics, we do not know. If it does, the redress, honored in tradition, is also revolution.

POWER TO THE PEOPLE

t does, the
so revolution.

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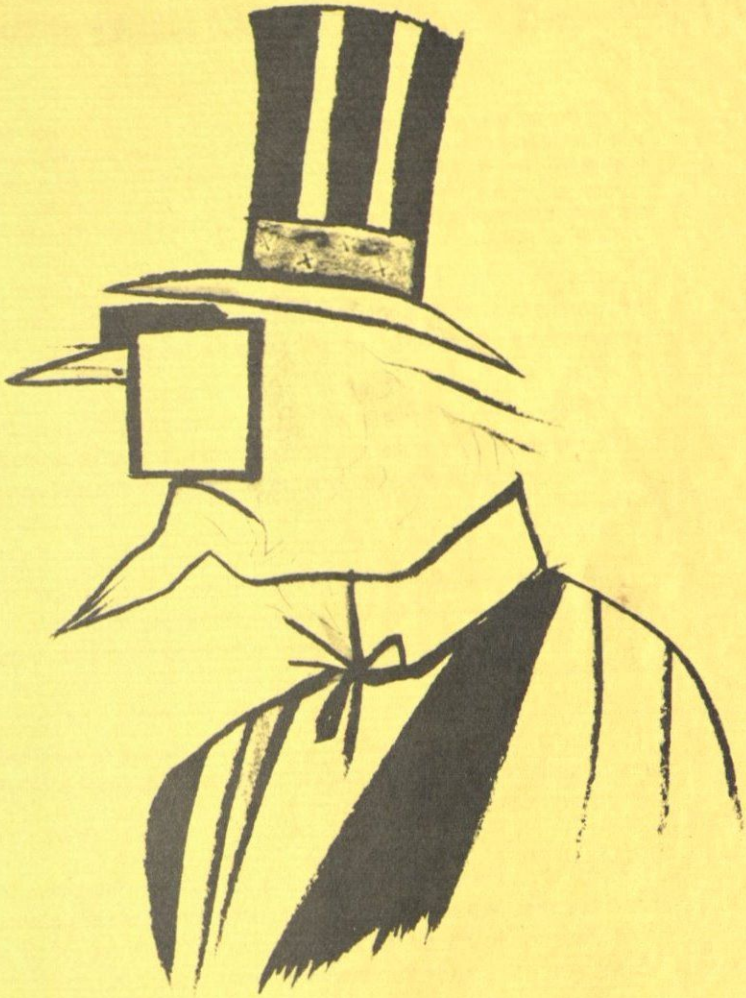
	Kaiser Industries Incorporated
	Henry J. Kaiser Company
	Willys Motor Incorporated
	Bank of America Giannini Foundation, Chairman
	St. Mary's College of California, Regent
	California Pacific Utilities Company
	U. S. Leasing Corporation
	Dymo Industries, Director
George F. Getty II:	Getty Oil Company
	Tidewater Oil Company
	Douglas Aircraft Company, Director
Walter Haas:	Levi Strauss & Company
	Pacific Telephone and Telegraph Company

Marshall Hale, Jr.:	Hale Bros. Association
	Trans America Co.
	Hahnemann Hospital
Prentis C. Hale:	Broadway-Hale Stores, Chairman
	Pacific Lighting Corporation
	Union Oil Company
	Commerce and Industry Insurance
	Foremost Dairies
	DiGiorgio Corporation
	Leslie Salt Co.
	Atkison Topeka & Santa Fe Railroad
Claire Giannini Hoffman:	Sears Roebuck & Company
Edgar Kaiser:	Missile Sites Lab. Comm.
	Kaiser Industry Corporation
Louis Lundberg:	Chairman of the Board, B of A NT&SA
	Stanford Research Institute
T. M. McDaniel:	Southern California Edison
Garret McEnerney II:	McEnerney & Jacobs
Franklin Murphy:	Times Mirror Company
R.A. Peterson:	President, Bank of America NT&SA
Louis Petri:	United Vintners Inc.
	Charles F. James
	Italian Swiss Colony
	L & L Ranch
	Petri Wine Company
	S. F. and Oakland Helicopter and Airways
	Rancho Alto
	Foremost Dairy
Alfred E. Sbarboro:	TransAmerica Inc.
	DiGiorgio Corporation
	Merchants National Realty Company
	InterAmerica Corporation, Director
Samuel B. Stewart ·	
Roland Tognazzini:	Union Sugar Company
	Stanford Research Institute
Theodore A. Von der Ahe:	Von's Grocery Company
E. Hornsby Wasson:	Pacific Telephone and Telegraph Company
	Prudential Insurance Company
	New Jersey Bell Telephone
Carl F. Wente:	Fund America
	Pacific Gas & Electric
	Foremost Dairy
	Di Giorgio Corporation



BANK OF AMERICA IS OFFERING $25,000 FOR INFORMATION LEADING TO THE ARREST AND CONVICTION OF THE LEADERS OF THE MOB VIOLENCE IN SANTA BARBARA.

We are outraged by the wanton destruction of our premises in Isla Vista near Santa Barbara. The branch has been gutted by arson on the part of a destructive mob. This was no peaceful demonstration, nor was it a non-violent disruption used as a symbol to redress grievances. It was an outrageous act of violence. It was, in fact, an insurrection against the democratic process of the kind that leads to further violence, bloodshed and anarchy. We are deeply concerned, not only for ourselves, but for the physical and material welfare of all our citizens.

As a preliminary response to the burning of our Isla Vista Branch and the further violence it portends, we are taking the following steps:—

1. We are dispatching today an open letter to the Governor of the State and the mayors of the major municipalities, calling for prompt and effective measures to stop the wanton destruction that is defacing our land.

2. As a potential deterrent, we are filing civil "John Doe" suits against all participants in the burning and destruction of our Isla Vista Branch. We intend to seek and collect maximum civil damages from the participants.

3. We are asking the Grand Jury of Santa Barbara to convene as soon as possible and to issue criminal indictments for arson against all participants in the burning.

4. We are offering a reward, totaling $25,000 for information leading to the arrest and conviction of the leaders of the mob violence in Santa Barbara. The reward will be in the form of $1,000 for each participant conviction, up to a maximum payment of $25,000.

IF YOU HAVE ANY INFORMATION ABOUT ACTIVITIES SPECIFICALLY RELATING TO THIS DESTRUCTION OR THE NAMES OF PERSONS INVOLVED, CONTACT THE SANTA BARBARA POLICE DEPARTMENT IMMEDIATELY. THE TELEPHONE IS: (805) 965-515[illegible]

BANK OF AMERICA